



Tax Strategy

2017

Introduction

This document sets out the Ark Group's tax strategy ("the strategy") for the year ending 31 December 2017.

Overview

Ark recognises that tax is an important feature of the business, affecting main products and services as well as being levied on the profits made from running the business. Examples of UK taxes that impact the Ark group are:

- Value Added Tax ("VAT"), levied on the sale of goods and services by UK businesses;
- Pay As You Earn ("PAYE"), the system for collecting income tax and national insurance from earnings;
- Insurance Premium Tax ("IPT"), a tax on general insurance premiums; and
- Corporation Tax ("CT"), levied on profits generated by certain organisations such as limited companies in the UK.

Roles and responsibilities

Understanding tax risk, how to manage it, and how it impacts Ark is an important part of running the business responsibly. To help achieve this aim, the strategy is reviewed and approved annually by the Board.

A Senior Accounting Officer ("SAO") has been appointed by Ark. The main duty of the SAO is to ensure that Ark establishes and maintains appropriate tax accounting arrangements.

As part of this duty, the SAO:

- ensures that the strategy is adopted and followed consistently within the Group;
- reports to the Board on relevant tax matters;
- monitors all relevant tax arrangements, and identifies any arrangements that fall short of HMRC requirements;
- establishes appropriate systems and processes;
- identifies any tax training needs within Ark;
- acts as the primary contact for HMRC and other tax authorities; and
- issues an annual certificate to HMRC after each financial year.

The SAO is supported in this duty by external tax advisers, who provide Ark with expertise and assistance across the tax spectrum.

Tax principles

The strategy is underpinned by Ark's tax principles, which guide behaviours and decisions with respect to tax.

Compliance and Disclosure

Ark seeks to comply with all relevant tax laws, rules, regulations, and reporting and disclosure requirements, wherever we operate.

Ark will act in an open, honest and transparent manner with HMRC and all other relevant bodies.

Relationships

Ark aims to build and maintain professional and constructive relationships with the tax authorities with which it works.

Commerciality

Ark will manage and control tax within a commercial context such that all transactions and arrangements are based on a primary underlying business purpose and commercial rationale beyond the tax benefits. Ark seeks to pay the right amount of tax required of it under the laws and regulations of the countries in which it operates.

Planning

Ark will plan and manage its tax affairs to ensure that appropriate claims for reliefs and deductions provided by the law are made where it is cost-effective to do so. Ark will not knowingly enter into transactions or arrangements whose sole or main purpose is the avoidance of tax.

Tax risks

Ark is exposed to a variety of tax risks. Ark aims to manage tax risk in a similar way to any area of operational risk. In particular, Ark seeks to engage with external tax advisers, in order to access expertise and assistance when considered appropriate.

Compliance and reporting risks

Risks associated with compliance failures such as late / inaccurate submission of tax returns and claims or elections.

Transaction risks

Risks associated with undertaking transactions without appropriate consideration of the potential tax consequences.

Reputational risks

Non-financial tax risks that may have an impact on Ark's relationships with clients, tax authorities, customers and the general public.